

Fill in this information to identify your case:

United States Bankruptcy Court for the:

SOUTHERN DISTRICT OF NEW YORK, MANHATTAN DIVISION

Case number (if known)

Chapter 11

☐ Check if this an amended filing

Official Form 201

Voluntary Petition for Non-Individuals Filing for Bankruptcy

4/16

If more space is needed, attach a separate sheet to this form. On the top of any additional pages, write the debtor's name and case number (if known). For more information, a separate document, *Instructions for Bankruptcy Forms for Non-Individuals*, is available.

1. Debtor's name 19 Highline Development LLC

2. All other names debtor used in the last 8 years

Include any assumed names, trade names and doing business as names

3. Debtor's federal Employer Identification Number (EIN) 47-0973524

4. Debtor's address

Principal place of business

Mailing address, if different from principal place of business

435-437 W 19th St  
New York, NY 10011-3803

Number, Street, City, State & ZIP Code

New York  
County

55 Maple Ave  
Ste 206  
Rockville Centre, NY 11570-4267

P.O. Box, Number, Street, City, State & ZIP Code

Location of principal assets, if different from principal place of business

Number, Street, City, State & ZIP Code

5. Debtor's website (URL)

6. Type of debtor

☒ Corporation (including Limited Liability Company (LLC) and Limited Liability Partnership (LLP))

☐ Partnership (excluding LLP)

☐ Other. Specify:

Debtor **19 Highline Development LLC**  
Name

Case number (if known)

**7. Describe debtor's business** A. Check one:

- ☐ Health Care Business (as defined in 11 U.S.C. § 101(27A))  
☐ Single Asset Real Estate (as defined in 11 U.S.C. § 101(51B))  
☐ Railroad (as defined in 11 U.S.C. § 101(44))  
☐ Stockbroker (as defined in 11 U.S.C. § 101(53A))  
☐ Commodity Broker (as defined in 11 U.S.C. § 101(6))  
☐ Clearing Bank (as defined in 11 U.S.C. § 781(3))  
☒ None of the above

B. Check all that apply

- ☐ Tax-exempt entity (as described in 26 U.S.C. § 501)  
☐ Investment company, including hedge fund or pooled investment vehicle (as defined in 15 U.S.C. § 80a-3)  
☐ Investment advisor (as defined in 15 U.S.C. § 80b-2(a)(11))

C. NAICS (North American Industry Classification System) 4-digit code that best describes debtor.  
See <http://www.uscourts.gov/four-digit-national-association-naics-codes>.

**8. Under which chapter of the Bankruptcy Code is the debtor filing?**

Check one:

- ☐ Chapter 7  
☐ Chapter 9  
☒ Chapter 11. Check all that apply:

- ☐ Debtor's aggregate noncontingent liquidated debts (excluding debts owed to insiders or affiliates) are less than \$2,566,050 (amount subject to adjustment on 4/01/19 and every 3 years after that).  
☐ The debtor is a small business debtor as defined in 11 U.S.C. § 101(51D). If the debtor is a small business debtor, attach the most recent balance sheet, statement of operations, cash-flow statement, and federal income tax return or if all of these documents do not exist, follow the procedure in 11 U.S.C. § 1116(1)(B).  
☐ A plan is being filed with this petition.  
☐ Acceptances of the plan were solicited prepetition from one or more classes of creditors, in accordance with 11 U.S.C. § 1126(b).  
☐ The debtor is required to file periodic reports (for example, 10K and 10Q) with the Securities and Exchange Commission according to § 13 or 15(d) of the Securities Exchange Act of 1934. File the attachment to Voluntary Petition for Non-Individuals Filing for Bankruptcy under Chapter 11 (Official Form 201A) with this form.  
☐ The debtor is a shell company as defined in the Securities Exchange Act of 1934 Rule 12b-2.

☐ Chapter 12

**9. Were prior bankruptcy cases filed by or against the debtor within the last 8 years?**

- ☒ No.  
☐ Yes.

If more than 2 cases, attach a separate list.

District	_____	When	_____	Case number	_____
District	_____	When	_____	Case number	_____

**10. Are any bankruptcy cases pending or being filed by a business partner or an affiliate of the debtor?**

- ☒ No  
☐ Yes.

List all cases. If more than 1, attach a separate list

Debtor	_____	Relationship	_____
District	_____	When	_____
		Case number, if known	_____

Debtor **19 Highline Development LLC**  
Name

Case number (if known)

**11. Why is the case filed in this district?**

Check all that apply:

- ☒ Debtor has had its domicile, principal place of business, or principal assets in this district for 180 days immediately preceding the date of this petition or for a longer part of such 180 days than in any other district.
- ☐ A bankruptcy case concerning debtor's affiliate, general partner, or partnership is pending in this district.

**12. Does the debtor own or have possession of any real property or personal property that needs immediate attention?**

☒ No

☐ Yes. Answer below for each property that needs immediate attention. Attach additional sheets if needed.

**Why does the property need immediate attention?** (Check all that apply.)

☐ It poses or is alleged to pose a threat of imminent and identifiable hazard to public health or safety.

What is the hazard?

☐ It needs to be physically secured or protected from the weather.

☐ It includes perishable goods or assets that could quickly deteriorate or lose value without attention (for example, livestock, seasonal goods, meat, dairy, produce, or securities-related assets or other options).

☐ Other

**Where is the property?**

Number, Street, City, State & ZIP Code

**Is the property insured?**

☐ No

☐ Yes. Insurance agency

Contact name

Phone

**Statistical and administrative information**

**13. Debtor's estimation of available funds**

Check one:

- ☒ Funds will be available for distribution to unsecured creditors.
- ☐ After any administrative expenses are paid, no funds will be available to unsecured creditors.

**14. Estimated number of creditors**

☒ 1-49

☐ 50-99

☐ 100-199

☐ 200-999

☐ 1,000-5,000

☐ 5001-10,000

☐ 10,001-25,000

☐ 25,001-50,000

☐ 50,001-100,000

☐ More than 100,000

**15. Estimated Assets**

☐ \$0 - \$50,000

☐ \$50,001 - \$100,000

☐ \$100,001 - \$500,000

☐ \$500,001 - \$1 million

☐ \$1,000,001 - \$10 million

☒ \$10,000,001 - \$50 million

☐ \$50,000,001 - \$100 million

☐ \$100,000,001 - \$500 million

☐ \$500,000,001 - \$1 billion

☐ \$1,000,000,001 - \$10 billion

☐ \$10,000,000,001 - \$50 billion

☐ More than \$50 billion

**16. Estimated liabilities**

☐ \$0 - \$50,000

☐ \$50,001 - \$100,000

☐ \$100,001 - \$500,000

☐ \$500,001 - \$1 million

☒ \$1,000,001 - \$10 million

☐ \$10,000,001 - \$50 million

☐ \$50,000,001 - \$100 million

☐ \$100,000,001 - \$500 million

☐ \$500,000,001 - \$1 billion

☐ \$1,000,000,001 - \$10 billion

☐ \$10,000,000,001 - \$50 billion

☐ More than \$50 billion

Debtor 19 Highline Development LLC  
Name

Case number (if known) \_\_\_\_\_

**Request for Relief, Declaration, and Signatures**

**WARNING** -- Bankruptcy fraud is a serious crime. Making a false statement in connection with a bankruptcy case can result in fines up to \$500,000 or imprisonment for up to 20 years, or both. 18 U.S.C. §§ 152, 1341, 1519, and 3571.

**17. Declaration and signature  
of authorized  
representative of debtor**

The debtor requests relief in accordance with the chapter of title 11, United States Code, specified in this petition.

I have been authorized to file this petition on behalf of the debtor.

I have examined the information in this petition and have a reasonable belief that the information is true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on September 7, 2018  
MM / DD / YYYY

**X /s/ E. Michael Rosenstock**  
Signature of authorized representative of debtor  
  
Title Chief Restructuring Officer

**E. Michael Rosenstock**  
Printed name

**18. Signature of attorney**

**X /s/ Kevin J. Nash**  
Signature of attorney for debtor

Date September 7, 2018  
MM / DD / YYYY

**Kevin J. Nash**  
Printed name

**Goldberg Weprin Finkel Goldstein LLP**  
Firm name

**1501 Broadway 22nd Floor**  
**New York, NY 10036**  
Number, Street, City, State & ZIP Code

Contact phone (212) 221-5700 Email address knash@gwfglaw.com

**Kevin J. Nash**  
Bar number and State

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

-----X  
In re:

Chapter 11

19 Highline Development LLC,

Case No.

Debtor.  
-----X

**DECLARATION PURSUANT TO LOCAL BANKRUPTCY RULE 1007-2**

E, Michael Rosenstock declares the following under penalties of perjury pursuant to 28 U.S.C. §1746:

1. I have been recently appointed as the Manager and Chief Restructuring Office of 19 Highline Development LLC (the “Debtor”) following a special emergency meeting of the manager, members and the Debtor’s independent director. I am replacing Jason Lee as the Manager of the Debtor for the reasons set forth below.

2. Prior to my appointment, I served as attorney for the Debtor and its affiliates, and I am familiar with the Debtor’s financial and legal affairs.

3. I am causing this Chapter 11 filing to be made on behalf of the Debtor to stay a UCC non-judicial foreclosure auction sale of the Debtor’s 100% membership interest in an entity known as Project 19 Highline Development LLC (the “Fee Owner”), which owns a condominium development project located at 435-437 19<sup>th</sup> Street, New York, NY (the “Project”). The auction sale is scheduled for September 10, 2018, pursuant to notice dated August 28, 2018.

4. The Debtor’s 100% membership interest is subject to a pledge agreement (the “Pledge”) made with the lenders for the Project, Churchill Real Estate Fund LP, Specialty Credit Holdings LLC and Silver Point Select Opportunities Fund A, LP (collectively, the “Lenders”).

The Pledge secures a \$4.0 million mezzanine loan made by the Lenders in conjunction with acquisition and construction financing provided to the Fee Owner of approximately \$31.5 million in principal.

5. The Chapter 11 petition will be supplemented with the filing of a full set of schedules and statements. It is also anticipated that the Fee Owner will be filing a separate Chapter 11 petition shortly.

6. In the interim, this Declaration is intended to provide a summary of the Debtor's business assets, capital structure and strategies for reorganization.

#### **Salient Events Leading up to the Chapter 11 Filing**

7. The Project contemplates construction of high end residential condominiums in the Highline section of Manhattan, with a full "sell-out price" of approximately \$60 million or more. At this juncture, substantial construction and renovations have already taken place, and the Project is approximately 40% complete. Additionally, the Fee Owner received CPS-1 approval from the Office of the Attorney General on August 20, 2018 for test marketing of the Project, allowing brokers to begin developing sales brochures and other marketing material.

8. The Debtor and Fee Owner will require approximately \$8 million of financing to complete construction. In February 2018, the Lenders refinanced the prior mortgage debt and established substantial interest, tax and insurance reserves. In fact, the Lenders are in possession of sufficient funds to pay debt service and related items through February of next year.

9. The Project was on target for completion when in recent weeks disputes arose with the Lenders concerning disposition of certain funds to contractors which were made through Jason Lee's company, Six Sigma LLC, instead of directly to subcontractors.

10. The Lenders objected to these payments, raised various issues concerning the Fee Owner's compliance with financial covenants and claimed the Fee Owner was out of balance on budget projections. The Lenders recently declared a default and accelerated the loans. On August 28, 2018, the Lenders noticed a non-judicial auction foreclosure sale of the Debtor's membership interest in the Fee Owner, and refused to continue with construction financing, bringing the Project to a temporary halt.

11. The Debtor previously entered into negotiations with the Lenders to remedy the situation, but the negotiations were unsuccessful, and the issuance of the auction notice has made Chapter 11 a necessity.

12. Notwithstanding the current dispute with the Lenders, the Project still retains great potential if the construction can be completed. To date, investors have contributed approximately \$16 million to the Project in equity and loans.

13. In recent days, the Debtor and the Fee Owner have pursued serious discussions with the investor group to obtain DIP financing to complete the Project. Various members of the investor group have indicated a willingness to participate in future financing and the Debtor has received firm commitments of \$2 million so far.

14. The Debtors believes that Chapter 11 will provide the opportunity to obtain financing to complete the Project and address the claims of the Lenders in a fair and transparent process.

15. In an effort to improve relations with the Lenders, the Debtor has accepted the resignation of Jason Lee as Manager. The Debtor and Fee Owner intend to retain a new construction manager to restart the Project. Hopefully, the change in personnel will lessen

tensions between the parties and provide a basis for a united effort going forward, since maximization of value depends on completion of the Project.

**Local Rule 1007-2 Disclosures**

16. Pursuant to Local Rule 1007-2(a)(2) and (3), no committees were formed prior to the filing of the Petition.

17. Pursuant to Local Rule 1007-2(a)(4), a list of the names and address of the creditors holding the 20 largest unsecured claims against the Debtor is attached hereto.

18. Pursuant to Local Rule 1007-2(a)(5), the Lenders hold a lien against the Debtor's membership interest in the Fee Owner pursuant to the Pledge.

19. Pursuant to Local Rule 1007-2(a)(6), a summary of the assets and liabilities of the Debtor will be set forth in the Schedules.

20. Pursuant to Local Rule 1007-2(a)(7), the Debtor membership interests are held by the entities identified on the accompanying List of Members.

21. Pursuant to Local Rule 1007-2(a)(8), the Debtor's sole asset, its 100% membership interest in the Fee Owner, is subject to the Pledge with the Lenders.

22. Pursuant to Local Rule 1007-2(a)(9), the Debtor owns no real property, but owns the 100% membership interest in the Fee Owner.

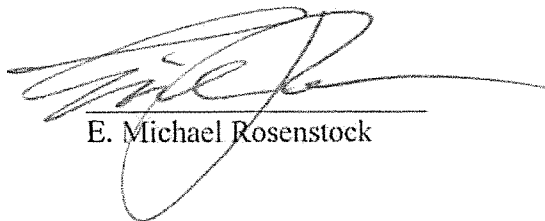
23. Pursuant to Local Rule 1007-2(a)(10), the Debtor's books and records are maintained by me at 55 Maple Avenue, Suite 206, Rockville Centre, New York, 11570, and the offices of Six Sigma LLC at 213 West 35<sup>th</sup> Street, New York, NY 10001.

24. Pursuant to Local Rule 1007-2(a)(11), a schedule of pending lawsuits is attached hereto.



25. Pursuant to Local Rule 1007-2(a)(12), I will be compensated at a rate of \$10,000 per month.

Dated: New York, NY  
September 7, 2018



E. Michael Rosenstock

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

-----X  
In re: Chapter 11  
  
19 Highline Development LLC, Case No.  
  
Debtor.  
-----X

**LIMITED LIABILITY COMPANY RESOLUTION**

At a Special Emergency meeting of the members, manager and independent director of 19 Highline Development LLC (the “Company”), called pursuant to emergency notice dated August 31, 2018, and held on September 5, 2018 beginning at 3:30 p.m., and upon the unanimous consent of the manager, voting members (one abstention), and the independent director as to the Chapter 11 filing only without further participation in the balance of the resolutions considered at the meeting, and after motion duly made and carried, it was:

**RESOLVED**, that the Company accepts the resignation of Jason Lee as manager, and hereby replaces Mr. Lee with E. Michael Rosenstock, who shall serve as the Company’s Chief Restructuring Officer and Manager, effective as of the date hereof; and it is further

**RESOLVED**, that E. Michael Rosenstock, as Chief Restructuring Officer of the Company, is authorized to (a) execute a bankruptcy petition under Chapter 11 of the United States Bankruptcy Code on behalf of the Company and to cause the filing thereof in the United States Bankruptcy Court for the Southern District of New York; and (b) cause to be filed all schedules, statements, lists, motions, applications and other papers or documents necessary or desirable to prosecute the Chapter 11 case; and it is further

**RESOLVED**, that the Company be, and the same is authorized to retain the law firm of GOLDBERG WEPRIN FINKEL GOLDSTEIN LLP, as bankruptcy counsel, for the purposes of prosecuting the Chapter 11 case.

Dated: New York, New York  
September 7, 2018

19 Highline Development LLC

By: /s/ E. Michael Rosenstock  
Name: E. Michael Rosenstock  
Title: Chief Restructuring Officer/Manager

By: /s/ Jason Lee  
Name: Jason Lee

Consent to Chapter 11 Filing

By: /s/ Jennifer Schwartz  
Name: Jennifer Schwartz  
Title: Independent Director

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

-----x

In re: Chapter 11

19 Highline Development LLC, Case No.

Debtor.

-----x

**LIST OF EQUITY HOLDERS**

Class A Preferred Shares

Manhattan Prosperity I LLC	41.38%
Han-Yin Tu	6.90%
J.Y. Rays, Inc.	6.90%
Reisa Jiang	6.90%
Hyun Chang Seung	27.59%
WM US Holding LLC	10.34%

Class B Common Shares

Six Sigma 19 Highline LLC	100%
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Dated: New York, New York  
September 7, 2018

19 Highline Development LLC

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By: /s/ E. Michael Rosenstock  
Name: E. Michael Rosenstock  
Title: Chief Restructuring Officer

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

-----X

In re:

Chapter 11

19 Highline Development LLC

Case No.

Debtor.

-----X

**RULE 7.1 CORPORATE OWNERSHIP STATEMENT**

Pursuant to Federal Rule of Civil Procedure 7.1, 19 Highline Development LLC hereby certifies that it is a private, non-governmental party, and has no corporate parent, affiliates and/or subsidiaries which are publicly held.

Dated: New York, New York  
September 7, 2018

19 Highline Development LLC

By: /s/ E. Michael Rosenstock  
Name: E. Michael Rosenstock  
Title: Chief Restructuring Officer

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

-----X

In re:

Chapter 11

19 Highline Development LLC

Case No.

Debtor.

-----X

### **SCHEDULE OF LAWSUITS**

UCC Article 9 non-judicial foreclosure sale scheduled for September 10, 2018.

Dated: New York, New York  
September 7, 2018

19 Highline Development LLC

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By: /s/ E. Michael Rosenstock  
Name: E. Michael Rosenstock  
Title: Chief Restructuring Officer

United States Bankruptcy Court  
Southern District of New York, Manhattan Division

IN RE:

Case No. \_\_\_\_\_

19 Highline Development LLC

Chapter 11

Debtor(s)

**VERIFICATION OF CREDITOR MATRIX**

The above named debtor(s) hereby verify(ies) that the attached matrix listing creditors is true to the best of my(our) knowledge.

Date: September 7, 2018

Signature: /s/ E. Michael Rosenstock

**E. Michael Rosenstock, Chief Restructuring Officer**

Debtor

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Joint Debtor, if any

Churchill Real Estate Fund  
Churchill Capital Management LLC  
7 Mercer St Fl 2  
New York, NY 10013-2585

Han-Yin Tu  
12A N 333 Lung Chiang Rd  
Taipei, 10476

J.Y. RAYS INC.  
2023 Chico Ave  
South El Monte, CA 91733-1604

Mahadeva, PLLC  
Attn: Prassana Mahadeva  
80 Business Park Dr Ste 201  
Armonk, NY 10504-1701

Manhattan Prosperity I, LLC  
Holly Hill Lane, Suite  
300 Greenwich Ave  
Greenwich, CT 06830-6508

Silver Point Finance LLC as Agent  
Attn: Andrew Scott  
2 Greenwich Plz Ste 1  
Greenwich, CT 06830-6390



Silver Point Select Opportunities Fund  
Silver Point Finance, LLC  
2 Greenwich Plz Ste 1  
Greenwich, CT 06830-6390

Specialty Credit Holdings LLC  
Silver Point Finance, LLC  
2 Greenwich Plz Ste 1  
Greenwich, CT 06830-6390